Service Contract Act

General Provisions

The Service Contract Act applies to every contract entered into by the United States or the District of Columbia, the principal purpose of which is to furnish services in the United States through the use of service employees. Contractors and subcontractors performing on such Federal contracts must observe minimum wage and safety and health standards, and must maintain certain records, unless a specific exemption applies.

Wages and Fringe Benefits

Every service employee performing any of the Government contract work under a service contract in excess of $2,500 must be paid not less than the monetary wages, and must be furnished the fringe benefits, which the Secretary of Labor has determined to be prevailing in the locality for the classification in which the employee is working or the wage rates and fringe benefits (including any accrued or prospective wage rates and fringe benefits) contained in a predecessor contractor’s collective bargaining agreement. The wage rates and fringe benefits required are usually specified in the contract but in no case may employees doing work necessary for the performance of the contract be paid less than the minimum wage established in section 6(a)(1) of the Fair Labor Standards Act.

Service contracts which do not exceed $2,500 are not subject to prevailing rate determinations or to the safety and health requirements of the act. However, the act does require that employees performing work on such contracts be paid not less than the minimum wage rate established in section 6(a)(1) of the Fair Labor Standards Act.

Safety & Health

The act provides that no part of the services in contracts in excess of $2,500 may be performed in buildings or surroundings or under working conditions, provided by or under the control or supervision of the contractor or subcontractor, which are unsanitary or hazardous or dangerous to the health or safety of service employees engaged to furnish the services. The safety and health provisions of the Service Contract Act are administered by the Occupational Safety and Health Administration.

Overtime

The Fair Labor Standards Act and the Contract Work Hours Safety Standards Act may require the payment of overtime at time and one-half the regular rate of pay for all hours work on the contract in excess of 40 a week. The Contract Work Hours Safety Standards Act is more limited in scope than the Fair Labor Standards Act and generally applies to Government contracts in excess of $100,000 that require or involve the employment of laborers, mechanics, guards, and watchmen.

Notice to Employees

On the date a service employee commences work on a contract in excess of $2,500, the contractor (or sub-contractor) must provide the employee with a notice of the compensation required by the act. The posting of the notice (including any applicable wage determination) contained on the reverse in a location where it may be seen by all employees performing on the contract will satisfy this requirement.

Responsibility for Secondary Contractors

Prime contractors are liable for violations of the act committed by their covered secondary contractors.

Notice in Subcontracts

The contractor is required to insert in all subcontracts the labor standards clauses specified by the regulations in 29 CFR Part 4 for Federal service contracts exceeding $2,500.

Other Obligations

Observance of the labor standards of these acts does not relieve the employer of any obligation he may have under any other laws or agreements providing for higher labor standards.

Additional Information

Additional Information and copies of the acts and applicable regulations and interpretations may be obtained from the nearest office of the Wage and Hour Division or the National Office in Washington D.C. Information pertaining to safety and health standards may be obtained from the nearest office of the Occupational Safety and Health Administration or the National Office in Washington, D.C.

1-866-4-USWAGE
(1-866-487-9243) TTY: 1-877-889-5627
WWW.WAGEHOUR.DOL.GOV
U.S. Department of Labor Employment Standards Administration
Wage and Hour Division